

TEACHERS' RETIREMENT BOARD

REGULAR MEETING

SUBJECT: 1997/98 PRODUCTION OBJECTIVES REPORT

ITEM NUMBER: 8

ATTACHMENT (S): 3

ACTION: X

DATE OF MEETING: August 5, 1998

INFORMATION: _____

PRESENTER (S): Mr. Carter

BACKGROUND

The Production Objectives are the primary measures used by State Teachers' Retirement System (STRS) to identify the degree to which benefits and services are provided to its members on a timely basis. Although these measures have been modified on occasion, they have existed for over a decade. They provide the Teachers' Retirement Board (TRB) with a sound basis to document the degree by which the System is meeting a primary fiduciary duty to pay timely benefits and provide related services.

DISCUSSION

The Production Objectives cover the Service Retirement, Survivor Benefit, Disability Program and the Public Service Office. Although the TRB is accustomed to receiving and reviewing the achievement of these objectives on a regular basis, many retirement systems do not have comparable standards or do not measure them. Staff is currently in the process of conducting a brief survey of other public retirement systems to determine the existence of comparative industry data. In addition to industry comparisons, performance measures are important in terms of identifying the degree to which production has improved over time, reinforce staff accountability in the production area and, more important, serve as an indicator of customer satisfaction. Customer surveys are also used by STRS to confirm the degree to which STRS customers are satisfied with the benefit and service delivery system.

STRS' Production Objectives reveal two basic characteristics about STRS' ability to process benefits and related services. First, they measure how quickly benefits are provided after the member's benefit eligibility date, receipt of the application, or receipt of all necessary information. The continuance of cash flow is believed to be the most important consideration for STRS members and the objective that focuses on paying benefits within thirty days measures this ability. In most cases, members receive income from their employer and, within thirty days, they receive a benefit from STRS. Because payments are made within thirty days (98–100 percent of the time), the cash flow of the member is not disrupted.

The second characteristic the objectives measure is the time horizon, beginning with the submittal of the application or notice of death to the actual payment of the benefit. FY 1997/98 marks the first year STRS has attempted to formally measure this capability and staff initiated three new Production Objectives in the Survivor Benefits and Disability Programs. We have found these exploratory goals to be somewhat challenging primarily because the survivors/members are responsible for providing information necessary to approve the benefit. STRS has very little control concerning how quickly clients respond in these scenarios. Particularly in death cases, many times the survivors are not prepared to bring closure to the event and conduct business in an expedited manner. Staff believes it's important to conduct business within the control of STRS as quickly and efficiently as possible, but to provide a reasonable amount of time for the client to conduct business based on their personal needs. For comparison purposes, CalPERS does not measure the processing of survivor benefits for deaths of active members for these reasons. Based on the FY 1997/98 experience for the three new objectives, it appears that they should not be Production Objectives, but serve as internal work indicators. Accordingly, modifications/changes are being proposed for FY 1998/99 to these exploratory objectives. Refer to Board Agenda Item # 9 for the proposed changes.

CONCLUSION

In summary, the FY 1997/98 benefits and services performance was quite good. The objectives were achieved even with a 27 percent increase in retirement benefits, a 20,000 increase in the number of technician-handled phone calls, a redirection of approximately five percent of staff to START, an increase in several of the Production Objectives from FY 1996/97 to 1997/98, and substantial legislation related activities. With the exception of a modest increase of staff to the telephone center during the second half of the fiscal year, this level of performance occurred with a constant level of staff. Staff are committed to providing high levels of service to STRS' customers and are continuing to look for opportunities to improve beyond already very satisfactory levels. The following information is provided for your information.

- Attachment I – The 1997/98 as submitted to the Board at the beginning of the Fiscal Year.
- Attachment II – A comparison of FY 1997/98 to 1996/97 Production Objective achievement.
- Attachment III – A comparison of STRS' Objectives to CalPERS.

RECOMMENDATION

Staff recommends that the Board adopt the 1998/99 Production Objectives Report.

1997/98 PRODUCTION OBJECTIVES

SERVICE RETIREMENTS

- T *Process 100 percent of all service retirement application payments within 30 days of the retirement effective date or receipt of completed application, whichever is later.**
- T *Complete 100 percent of all final service retirement payments within 45 days of receipt of all necessary information.**
- T *Finalize 90 percent of all service retirement payments within four months of the retirement effective date.*

SURVIVOR BENEFITS

- T *Process 95 percent of all applications within 30 days of receipt of all necessary information.**
- T *Complete 100 percent of all death benefit payments for retired members within 60 days of receipt of notification of death.*
- T *Complete 100 percent of all death benefit payments for active members within 90 days of receipt of notification of death.*

DISABILITY SERVICES

- T *Process 100 percent of all eligible applications within 180 days of receipt.*
- T *Process 85 percent of all approvals within 90 days of receipt of application.*
- T *Process 100 percent of all initial payments within ten working days following the date the disability is approved, the effective date or receipt of all necessary information, whichever occurs last.**

PUBLIC SERVICE

- T *Answer 95 percent of all calls in less than three minutes.*
- T *Answer 95 percent of all calls on the first contact.*
- T *Respond to 90 percent of all correspondence in ten working days.*

REGIONAL COUNSELING SERVICES

- T *Conduct 400 workshops.*
- T *Provide 22,000 retirement interviews.*
- T *Deliver 15 Mid-Career programs to STRS members.*

* The accomplishment of this production objective will result in the elimination of interest penalty payments on current processing cases.

FISCAL YEAR 1997/98 PRODUCTION OBJECTIVE ACHIEVEMENT

OBJECTIVES	1996/97 TARGET/ ACTUAL	1997/98 TARGET/ ACTUAL
SERVICE RETIREMENTS:		
Process 100 percent of all service retirement application payments within 30 days of the retirement effective date or receipt of completed application, which is later.*	95/98	100/99
Complete 100 percent of all final service retirement payments within 45 days of receipt of all necessary information.*	100/99	100/98
Finalize 90 percent of all service retirement payments within four months of the retirement effective date.	90/93	90/93
SURVIVOR BENEFITS:		
Process 95 of all applications within 30 days of receipt of all necessary information.* (1996/97 timeframe was 45 days)	95/96	95/98
Complete 100 percent of all death benefit payments for retired members within 60 days of receipt of notification of death.	N/A	100/80
Complete 100 percent of all death benefit payments for active members within 90 days of receipt of notification of death.	N/A	100/58
DISABILITY SERVICES:		
Process 100 percent of all eligible applications within 180 days of receipt.	100/94	100/94
Process 85 percent of all approvals within 90 days of receipt of application.	N/A	85/72
Process 100 of all initial payments within ten working days following the date the disability is approved, the effective date or receipt of all necessary information whichever occurs last.*	100/99	100/100
PUBLIC SERVICE:		
Answer 95 percent of all calls in less than three minutes.	75/83	95/88
Answer 95 percent of all calls on the first contact.	95/98	95/97
Respond to 90 percent of all correspondence in ten working days.	85/93	90/91

* The accomplishment of this production objective will result in the elimination of interest penalty payments on current processing cases.

FISCAL YEAR 1997/98 PRODUCTION OBJECTIVE COMPARISONS

	<u>STRS</u>		<u>CalPERS *</u>	
	<u>Target</u>	<u>Actual</u>	<u>Target</u>	<u>Actual</u>
Service Retirements				
Initial payments after effective date or application	100%/30 days	99%	80%/30 days	80%
Final payments after receipt of necessary information	100%/45 days	98%	--	--
Finalize payments within retirement effective date	90%/4 months	93%	80%/9 months	80%
Survivor Benefits				
Process applications after receipt of information	95%/30 days	98%	--	--
Retired Members – Notification of Death	100%/60 days	80%	95%/90 days	95%
Active Members – Notification of Death	100%/90 days	58%	--	--
Disability Services				
Process all applications after receipt	100%/180 days	94%	70%/180 days	67%
Approvals after receipt of application	85%/90 days	72%	70%/180 days	73%
Payments after approval or effective date	100%/10 days	100%	--	--
Public Service				
Answer calls within three minutes	95%/3 minutes	88%	--	--
Answer calls on first contact	95%/1 st contact	97%	--	--
Response to correspondence	90%/10 days	91%	--	--

* Information reflects data for three-quarters of FY 1997-98